

STATE OF DELAWARE
OFFICE OF
AUDITOR OF ACCOUNTS

**CAPE HENLOPEN SCHOOL
DISTRICT**

**MIDDLE SCHOOL CONSTRUCTION
PROJECTS AND USE OF 509
VOCATIONAL EDUCATION FUNDS**

SPECIAL INVESTIGATION

FIELDWORK END DATE: FEBRUARY 6, 2007

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EXECUTIVE SUMMARY

ALLEGATION

The Office of Auditor of Accounts (AOA) was provided information indicating possible improprieties surrounding a variety of issues at the Cape Henlopen School District (District). The allegations were as follows:

- The District maintained a surplus of funds that were left over from the construction of Beacon Middle School and Mariner Middle School, and those funds were possibly being used for other construction without proper authorization.
- The District intentionally delayed construction on two new cinder athletic running tracks.
- The District was not in compliance with Article II, Paragraph 2.4 of the 2002 – 2008 Agreement between the Cape Henlopen School District Board and the Cape Henlopen Education Association as it related to opening negotiations on teacher contracts.
- Equipment purchased with vocational education funds had been used in an unauthorized manner, certain equipment was damaged, and that repairs to the equipment may have been paid for using additional vocational education funds.
- Facilities and equipment funded with vocational education funds were being used by outside organizations and were being mistreated. Furthermore, the District was not billing these organizations for the use of these facilities, nor did they have signed agreements in place for the use of District facilities.

BACKGROUND

Upon receiving the allegations detailed above, the Office of Auditor of Accounts contacted the Cape Henlopen School District and advised them that we were sending an investigative team to the District. This investigative team met with and interviewed District Personnel and did a thorough review of records and documents relating to these allegations. The results of this review are detailed in this report.

CONCLUSIONS AND OBSERVATIONS

School Construction Projects

Surplus Funds

The District maintained a surplus of funds in the Middle School Construction Reserve Account on June 30, 2006. The monies in the appropriated funds are local funds, not State Funds, thus, there are no dates mandated as to when the funds must be used. The funds are leftover funds; balances left over after projects at the Middle Schools were completed. As required by law, the funds must be used for other Middle School construction projects or for other projects that are listed on the same Certificate of Necessity (CON) secured by the District when they built these two middle schools. In order to use these funds for other projects that are listed on the same Certificate of Necessity, approval must be obtained from the Department of Education.

EXECUTIVE SUMMARY

The allegation that the District used these leftover funds for any other construction projects was unsubstantiated, as the AOA Office found no evidence that these funds were being used for any other projects.

Middle School Cinder Track Construction Projects

The District received a total of \$120,000 from the Department of Natural Resources and Environmental Control (DNREC) on May 24, 2006 for the purpose of constructing cinder athletic running tracks at both Beacon and Mariner Middle Schools. The project was recently bid and a contractor was awarded the contract on January 25, 2007.

The allegation that the District intentionally delayed construction on the tracks was unsubstantiated.

Non-Compliance With 2002-2008 Agreement Between the Cape Henlopen Education Association (CHEA) and the Cape Henlopen School District Board(CHSD)

An agreement exists between the CHEA and the CHSD Board (2002-2008, Article II, Paragraph 2.4) which states that upon request of either parties, negotiations will open on financial issues if the Cape Henlopen School District property tax base as of April 30 increases by 6% or more, or if Division III funding is reduced by more than 25% the previous year amount. Total tax from assessments had risen by more than 6% from April 30, 2004 to April 30, 2006, and therefore, would have triggered a reopening of negotiations between the CHEA and the CHSD.

The allegation that the District was not in compliance with the Agreement was unsubstantiated, as the AOA Office found that the District had been in contact with the CHEA regarding reopening negotiations.

Misuse of Equipment Purchased Using Vocational Education Funding (509)

BayBall Basketball Tournament

The District allows certain areas of the Cape Henlopen High School to be used by the Delaware Youth Organization, Inc. during the BayBall Basketball Tournament. During the Winter Holiday, December 27 through December 31, 2006, the BayBall Tournament was held in District facilities and the District provided access to a washer and dryer that were purchased using vocational educational 509 funds. The District and Delaware Youth Organization, Inc. signed a facilities use agreement prior to the start of the event. During the event, damages occurred to the washer and dryer. Repairs made to this equipment were not paid for using vocational education funds.